

Message Text

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PAGE 01 STATE 266558

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TAGS: ENRG

SUBJECT:IEA STANDING GROUP ON THE OIL MARKET - US COMMENTS
ON SWEDISH CAPITAL INVESTMENT PAPER.

REF: IEA/SOM(75)37

1. PLEASE PASS FOLLOWING US COMMENTS ON SUBJECT PAPER TO
IEA SECRETARIAT (BRYANT). BEGIN TEXT:

CATEGORY A.

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PAGE 02 STATE 266558

GENERALLY THE DATA ITEMS ENUMERATED IN CATEGORY A ARE

THOSE WHICH ARE MEANINGFUL TO AN ANALYSIS OF THE FINANCIAL AND CAPITAL TRENDS IN THE OIL INDUSTRY. MOST OF THESE DATA ITEMS ARE PUBLICLY AVAILABLE FOR MOST UNITED STATES OIL COMPANIES.

THE US COULD SUPPORT REPORTING ON A COMPANY-BY-COMPANY BASIS THOSE ITEMS WHICH ARE GENERALLY INCLUDED IN COMPANY FINANCIAL STATEMENTS. THE US IS PRECLUDED BY LAW FROM COLLECTING AND DISSEMINATING ON A COMPANY BASIS DATA WHICH ARE NOT OTHERWISE IN THE PUBLIC DOMAIN. HENCE THE AVAILABILITY OF US INFORMATION WILL IN A NUMBER OF INSTANCES DEPEND ON THE ADOPTED DESCRIPTION OF THE DATA ITEM AND THE DEGREE OF DETAIL REQUIRED. FURTHER, BECAUSE OF THE

VERY LARGE NUMBERS OF OIL COMPANIES WHICH PRODUCE, REFINER OR MARKET RELATIVELY SMALL VOLUMES OF OIL IN THE US, AN EFFICIENT DATA SYSTEM WILL REQUIRE SOME DEFINITION OF THE SIZE OF REPORTING COMPANIES. THE US WILL BE PREPARED TO DISCUSS THE AVAILABILITY OF SPECIFIC DATA ITEMS AT THE WORKING GROUP MEETING. WE WOULD BE INTERESTED IN LEARNING THE EXTENT TO WHICH SUCH DATA IS AVAILABLE OR COULD BE MADE AVAILABLE BY OTHER IEA COUNTRIES.

IT MAY BE THAT SUFFICIENT INFORMATION IS ALREADY AVAILABLE TO MEET THE REQUIREMENTS OF THE IEA AND COULD BE COMPILED IN AN ACCEPTABLE FORM BY A COMPETENT FINANCIAL ANALYST. THE US PROPOSES THAT THE WORKING GROUP CONSIDER THIS ALTERNATIVE.

SHOULD THE IEA ELECT TO RECEIVE AGGREGATED DATA RATHER THAN ON A COMPANY BASIS, THE US ANTICIPATES THAT IT WILL BE ABLE TO PROVIDE INDUSTRY-WIDE TOTALS FOR US COMPANIES SEGREGATING THEIR DOMESTIC AND FOREIGN OPERATIONS PROVIDED THAT THE IEA DATA REQUIREMENTS DO NOT EXCEED THOSE AVAILABLE FROM THE COMPREHENSIVE US REPORTING SYSTEM THAT IS NOW BEING PUT INTO OPERATION. DETAILS OF THAT SYSTEM WILL BE MADE AVAILABLE TO THE WORKING GROUP.

CATEGORY B

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PAGE 03 STATE 266558

WHILE WE APPRECIATE THE INTEREST OF THE SWEDISH DELEGATION IN OBTAINING INFORMATION CONCERNING FORECASTS, INVESTMENT PLANS AND OTHER CORPORATE PLANNING FOR A BETTER UNDERSTANDING OF THE INTERNATIONAL OIL INDUSTRY, WE NOTE THAT ARTICLE 27 OF THE IEP RELATES ONLY TO CAPITAL INVESTMENT REALIZED. PROJECTIONS OF THIS INFORMATION FALL OUTSIDE THE SCOPE OF ARTICLE 27.

SHOULD IT, NEVERTHELESS, BE DECIDED THAT THE SOM
SHOULD CONSIDER SUCH PROJECTIONS, THE CONSULTATIVE
PROCEDURE COULD BE USEFUL IN OBTAINING INFORMATION ON
INDIVIDUAL COMPANIES' VIEWS OF INVESTMENTS AND CAPITAL
REQUIREMENTS FOR THE INDUSTRY AS A WHOLE. WE DO NOT
BELIEVE THE COMPANIES WOULD VOLUNTEER THIS TYPE OF FOR-
WARD INFORMATION IN DETAIL FOR THEIR OWN OPERATIONS. IT
IS, FURTHER, OUR POSITION THAT IT WOULD BE IMPROPER FOR
THE IEA TO SEEK THIS KIND OF INFORMATION, INASMUCH AS IT
WOULD IMPAIR THE PROPRIETARY INTERESTS OF THE COMPANIES
CONCERNED AND COULD PROVIDE A BASIS FOR COLLUSIVE ACTION
AMONG THE COMPANIES.

WE WOULD NOTE THAT ONCE A COMPANY'S INVESTMENT PLANS
FOR PARTICULAR PROJECTS BECOME FIRM, THOSE PLANS ARE

USUALLY REPORTED IN SOME DETAIL IN THE TRADE PRESS. THE
COMPILATION AND ANALYSIS OF THESE REPORTS PROVIDES USEFUL
LEAD INFORMATION ON INDUSTRY CAPITAL REQUIREMENTS AND
TRENDS IN THE DEVELOPMENT OF NEW CAPACITY. END TEXT. KISSINGER

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